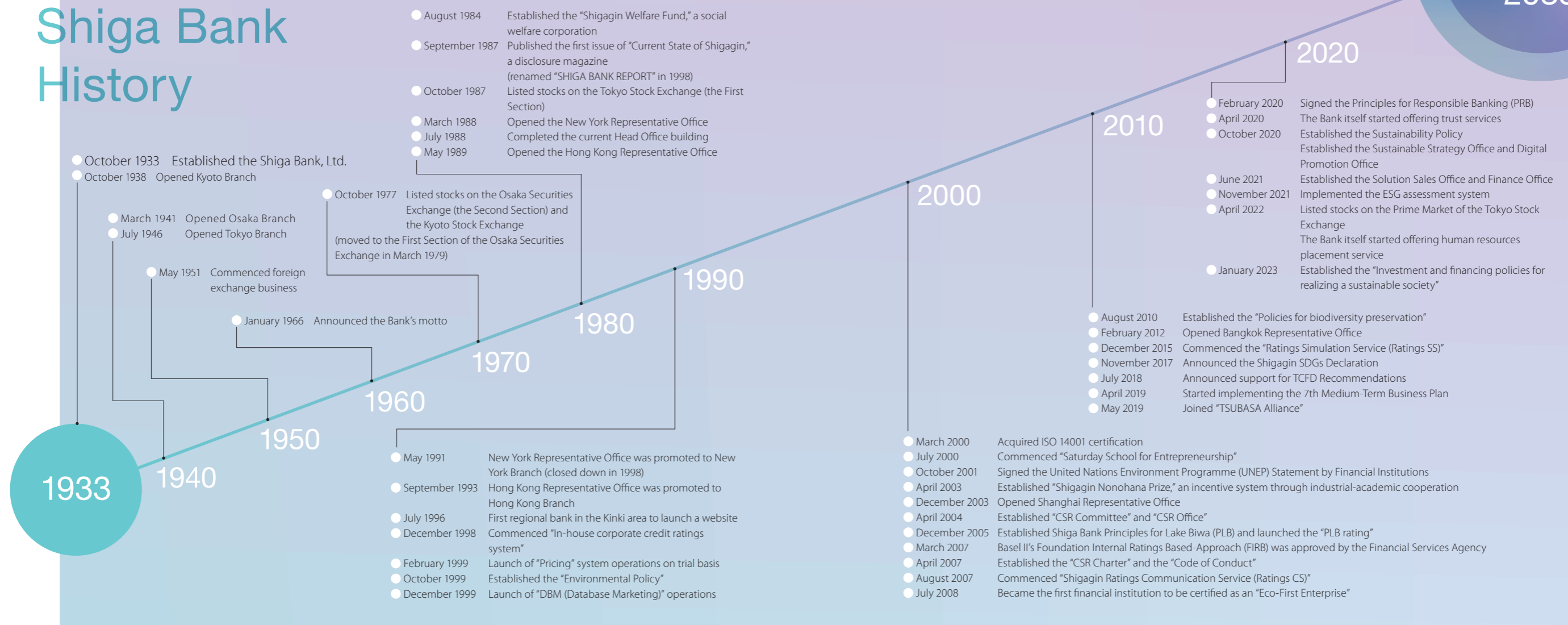


ABOUT SHIGA BANK



Looking Back on Shiga Bank's History

Shiga Bank History



Enterprising spirit passed down from the Omi Merchants

"Sampo yoshi," also known as a Japanese version of the SDGs, is a management philosophy embraced by merchants of the Omi region. We are very proud of our roots in the Omi Merchants and the philosophy is ingrained in our organizational culture.

The Omi Merchants, who expanded their business into all over Japan shouldering a trademark carrying pole, are considered one of Japan's three great merchants along with the Osaka Merchants and Ise Merchants, and founded many influential companies. They were enterprising and engaged in a variety of businesses.

The Omi Merchants left behind many sayings such as "save and strive (*shimatsu shite kibaruru*)" and "hide your virtue and good deeds (*intoku zenji*)," which describe the attitudes merchants must value, and "Sampo yoshi" is said to be a simple expression of the Omi Merchants' management philosophy passed down to future generations.

With the frontier spirit of the Omi Merchants, the Bank opened the Kyoto Branch in 1938, five years after the Bank was established. Branches were then opened successively in Osaka and Tokyo, making us one of the first "wide-area regional banks." This, combined with the Bank's motto, which carries on the "Sampo yoshi" philosophy, and our commitment to advanced CSR management, has led to the first SDGs Declaration among regional banks and corporate management focusing on sustainability.

Environmental awareness fostered by Lake Biwa —from environmental finance to ESG finance

Lake Biwa, the largest lake in Japan, has been called "Mother Lake," "Cradle of Life," "Mirror of the Environment," and "an asset we hold in trust for the future," and is deeply connected to various aspects of the local nature and human activities.

It is one of the world's oldest lakes with a history of more than four million years and is reported to be home to over 1,700 species of aquatic plants and animals, around 60 of which are unique to the lake. It is a treasure trove of biodiversity registered under the Ramsar Convention and invaluable to humankind.

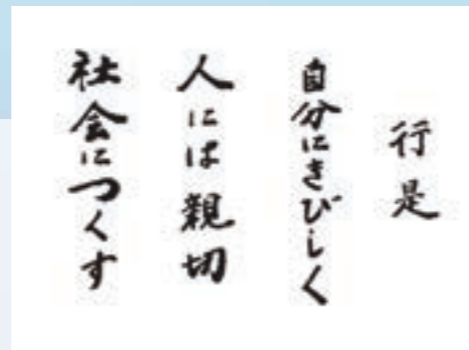
Headquartered next to Lake Biwa, which accounts for one-sixth of the total area of Shiga Prefecture, Shiga Bank has always been aware of its existence and appreciates the beauty and importance of a lifestyle that coexists with the environment.

Against this backdrop, the Bank has developed environmental finance products and services since early on, and in the late 1990s, we began environmental management to address environmental issues through our core business. Our unique environmental rating system and environmental financing initiatives at that time have evolved into the ESG Assessment System launched in 2021 and various other ESG finance products and services.

Strengths of Shiga Bank

The spirit passed down from Omi Merchants

The Bank's motto of "Be tough on ourselves, kind to others and serve society" carries on "Sampo yoshi" philosophy, a management philosophy embraced by Omi Merchants, which means to bring happiness to three sides: being good for the seller, the buyer, and society. The Bank can only grow if the community and customers grow. We make sure all employees recognize this and pursue problem-solving-oriented businesses that address and solve issues faced by the region and our customers.



Pioneering ESG regional financing

As part of our social responsibility as a company headquartered next to Lake Biwa, the Bank has been practicing environmental management, which incorporates environmental considerations into corporate management. We have worked to balance enhancing corporate value with preserving the environment by performing financial institution roles such as developing and offering environmentally friendly financial products and services. Following these steps, in 2017, the Bank became the first regional bank to make an SDGs Declaration, expressing our commitment to translating SDGs into corporate activities. Since then, the Bank has always been a leader in ESG regional financing; we became the first regional bank to introduce the Sustainability Linked Loan. These activities have received high acclaim from third parties, including ESG Finance Awards Japan hosted by the Ministry of the Environment for the fourth consecutive year since its inception.

Solid equity capital

Securing a high level of consolidated capital ratio of 15.80% in the fiscal year ended March 31, 2023, The Bank has developed a sound financial base, which is essential for assuming the risks necessary for the development of the region and customers.

Capital ratio
15.80%
(consolidated)

Broad network

As a member of the nationwide TSUBASA Alliance consisting of ten regional banks, we share information on the latest social and economic trends and regional issues, and work together across the Alliance to solve common issues. We strive to develop more sophisticated strategies by bringing together the insights from participating banks and expand services by leveraging economies of scale. Initiatives include workshops for ESG finance services, syndicated loan arrangements, the TSUBASA Cross-Mentoring Program, a cross-bank mentoring program designed to develop female executive candidates, and online seminars for customers.

Blessed market

Shiga Prefecture, in which the Bank primarily operates, is home to many mother factories and R&D centers of global companies due to its geographical advantage of being located at the nexus of the Kinki, Tokai, and Hokuriku regions along with the great convenience of excellent transport access. The secondary industry accounts for 48.0% of the gross prefectural product, ranking first in Japan. The average age of the population is 45.9 years old, which is younger than the national average, and the population under age 15 accounts for 13.2%, ranking second in Japan (according to the Population Estimates in 2022 by the Ministry of Internal Affairs and Communications).



Advanced risk management system

For the sake of sustainable development of the region and customers, we must demonstrate stable financial intermediary functions without being affected by the financial environment and economic trends. To accurately assess and control risk, the Bank has employed the Foundation Internal Ratings Based-Approach (FIRB) since 2007 and also practices advanced risk management through our Risk Appetite Framework. (See Page 68)

Dominant market share

As of March 31, 2023, the Bank's share of loans and deposits in Shiga Prefecture were as high as 48.92% and 47.13%, respectively. The Bank enjoys overwhelming support from regional communities.

Personnel with extensive financial knowledge

We have developed many employees who can help resolve the more sophisticated and diversified customers' issues. We also provide opportunities to learn and take on challenges so that they acquire a wide range of knowledge, not limited to financial knowledge. (See Page 54)

Number of employees with Financial Planning Grade 1 certification (As of March 31, 2023) **231 persons**
Number of employees certified as Small and Medium Enterprise Management Consultant (As of March 31, 2023) **39 persons**

Transparent engagement with customers

With the Ratings Communication Service, which holds financial dialogue by leveraging the credit ratings used in credit management, and the ESG Assessment System, which conducts non-financial dialogue from an ESG perspective, we are committed to increasing our customers' corporate value through transparent engagement.

Financial Highlights

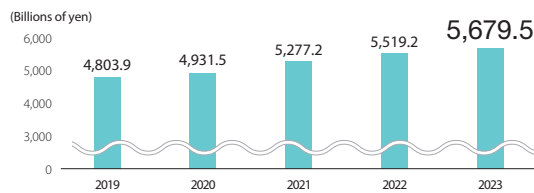
* For the financial performance trend, please see "Message from the Officer Responsible for Finance" on Page 10.

(As of March 31, 2023)

Average balance of deposits during the period (including negotiable certificates of deposits) (non-consolidated)

5,679.5 billion yen

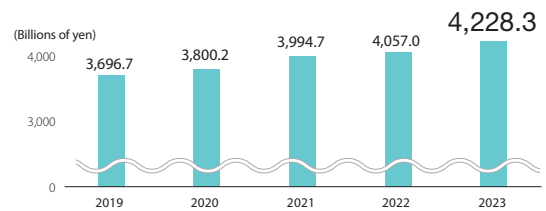
(Share within Shiga Prefecture) **47.13%**



Average balance of loans and bills discounted during the period (non-consolidated)

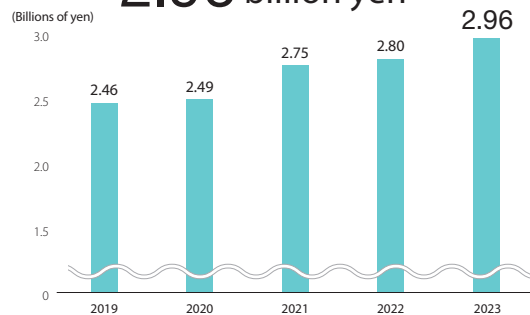
4,228.3 billion yen

(Share within Shiga Prefecture) **48.92%**



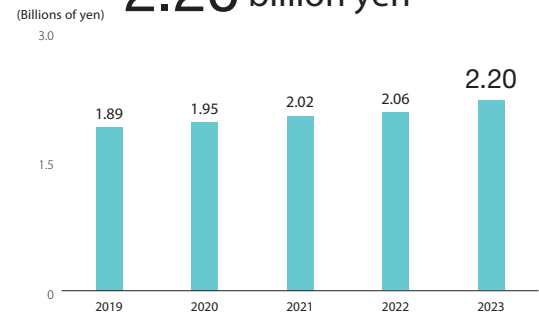
Deposits per employee (non-consolidated)

2.96 billion yen



Balance of loans and bills discounted per employee (non-consolidated)

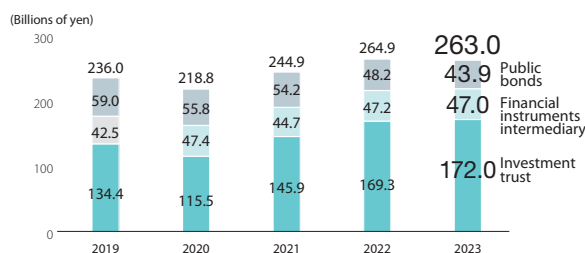
2.20 billion yen



Balance of assets under custody

(sum of investment trust, financial instruments intermediary and public bonds)

263.0 billion yen



Rating

Japan Credit Rating Agency, Ltd. (JCR)

A+

Rating and Investment Information, Inc. (R&I)

A+

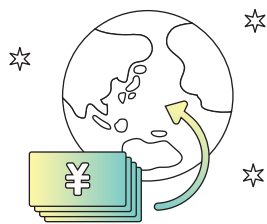


ESG Highlights

(As of March 31, 2023)

Investment and financing to promote Sustainable Development

Cumulative total of **677.0** billion yen



Reduction in greenhouse gas emissions

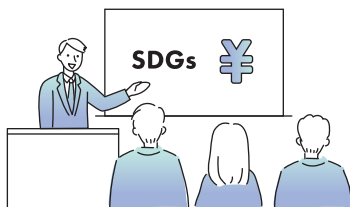
Rate of reduction (from the level in fiscal year 2013)

66.80%



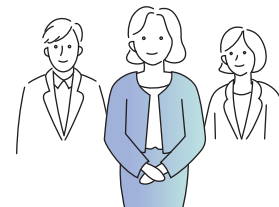
Education on SDGs and financial literacy Total number of participants in training of next-generation workforce

Cumulative total of **15,771** persons



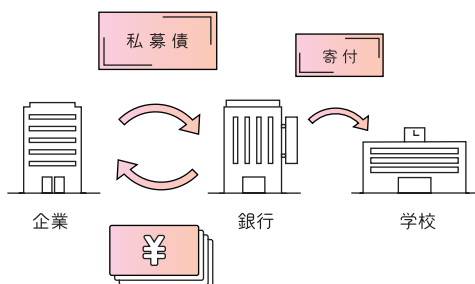
Percentage of female managers

17.2%



Actual amount of CSR private placement bonds/ SDGs private placement bonds

Cumulative total of **59.3** billion yen



Shigagin Welfare Fund

① Number of subsidies awarded

Cumulative total of **524** cases

② Total amount of subsidies awarded

Cumulative total of **401.07** million yen

